

Disclosures on Risk Based Capital (Basel III)

1. Introduction

Bangladesh Bank (BB) issued Guidelines on Risk Based Capital Adequacy (*a revised regulatory capital framework for banks in line with Basel III*) in December 2014, in accordance with Basel III, a global regulatory framework for more resilient banks and banking systems, issued by Basel Committee for Banking Supervision (BCBS) in 2010.

The objectives of Market Discipline in the revised framework is to establish more transparent, and more disciplined financial market, so that stakeholders can assess the position of a bank regarding holding of assets, and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets. We are providing the following detailed qualitative and quantitative disclosures, in accordance with Guidelines on Risk Based Capital Adequacy by Bangladesh Bank.

2. Disclosure Policy

Bank calculates Risk Weighted Assets (RWA) under the following approaches as per Basel III guidelines (BRPD circular no.18, dated December 21, 2014):

(a) Standardized approach for credit risk (b) Standardized approach for market risk (c) Basic indicator approach for operational risk.

3. Components of Disclosure Framework:

i) Scope of application ii) Capital structure iii) Capital adequacy iv) Credit risk v) Equities: disclosures for banking book positions vi) Interest Rate Risk in the Banking Book (IRRBB) vii) Market risk viii) Operational risk ix) Leverage ratio x) Liquidity ratio xi) Remuneration

i. Scope of Application:

The Risk Based Capital Adequacy framework applies to all banks on 'Solo' and 'Consolidated' basis. The framework on 'Solo' basis refers to all positions of the bank, its local and overseas branches/offices, and 'Consolidated' basis includes subsidiary companies, if any. Mutual Trust Bank Limited applies both the frameworks on "Solo" and "Consolidated" basis, as the bank has three subsidiaries, namely i) MTB Securities Limited ii) MTB Capital Limited iii) MTB Exchange (UK) Limited.

ii. Capital Structure

Qualitative Disclosures

The terms and conditions of the main features of all capital instruments have been segregated in terms of eligibility criteria (BRPD circular no. 18 dated December 21, 2014 and other instructions given by Bangladesh Bank).

Tier-I Capital consists of Common Equity Tier-I (CET-I), and Additional Tier-I Capital. MTB has no additional Tier-I Capital. CET-I Capital of MTB comprises Paid-up Capital, Statutory Reserve, General Reserve, Retained Earnings, and Minority Interest in Subsidiaries. Supplementary Capital (Tier-II) comprises of General Provisions (*on unclassified and Special Mention Account (SMA) loans and off-balance sheet exposure*), Revaluation Reserves for Securities, Fixed Assets, and Equities, following the deductions as per Basel III guidelines, MTB's Partially Convertible Subordinate Bond, as approved by Bangladesh Bank (BB), and Bangladesh Securities and Exchange Commission (BSEC).

Quantitative Disclosures

Particulars	BDT in Million	
	Solo	Consolidated
Common Equity Tier-I Capital:		
Paid-up Capital	4,431.79	4,431.79
Statutory Reserve	3,187.77	3,187.77
General Reserve	616.78	616.78
Retained Earnings	815.48	841.24
Minority Interest in Subsidiaries		0.12
Regulatory Adjustments/Deductions		
Goodwill and Other Intangible Assets	65.81	65.81
Investments in own CET-I Instruments/Shares	0.00	0.00
Reciprocal Crossholdings in the CET-1 Capital of Banking ,Financial and Insurance Entities	2.46	2.46
Total Common Equity Tier-I Capital	8,983.55	9,009.43
Additional Tier-I Capital	0.00	0.00
Total Tier-I Capital	8,983.55	9,009.43
Tier-II Capital:		
General Provision	1,559.62	1,559.62
Revaluation Reserves	260.13	260.13
Subordinated Debt	3,000.00	3,000.00
Regulatory Adjustment/Deduction	104.05	104.05
Total Tier-II Capital	4,715.70	4,715.70
Total Eligible Capital	13,699.25	13,725.13

iii. Capital Adequacy

Qualitative Disclosures

a. Capital Calculation Approach

The assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank (BB): standardized approach for credit and market risk, and basic indicator approach for operational risk.

b. Capital of the Bank

BDT in Million

Capital Adequacy	Solo	Consolidated
Capital Requirement for Credit Risk	10,694.02	10,822.48
Capital Requirement for Market Risk	372.99	439.98
Capital Requirement for Operational Risk	832.17	893.09
Total Capital Requirement	11,899.19	12,155.55
Total Eligible Capital	13,699.25	13,725.13
Capital to Risk Weighted Asset Ratio (CRAR)	11.51	11.29
Common Equity Tier-I Capital Ratio (%)	7.55	7.41
Total Tier-I Capital Ratio (%)	7.55	7.41
Tier-II Capital Ratio (%)	3.96	3.88
Capital Conservation Buffer	743.69	759.72
Available Capital for Pillar-II requirement	1,056.37	809.86

MTB follows the following principles in maintaining its capital base:

- A strong capital to RWA ratio;
- Capital at a reasonable level to absorb all material risks;

MTB ensures compliance with the regulatory requirements, and satisfaction of external rating agencies and other stakeholders including depositors.

c. Capital Management

Initiative to ensure adequate capital encompasses:

- Issuing subordinated debt to raise Tier-II capital;
- Encouraging borrowers to complete external credit rating to assess counterparty credit risk status, and minimizing regulatory capital requirements;
- Improving and enhancing collateral coverage through efforts to obtain eligible collateral;
- Assessing risk profile and credit rating of new clients.

MTB's CRAR is periodically reviewed by the Risk Management Division (RMD), and reported to senior management and the Board.

iv. Credit Risk

Qualitative Disclosure

MTB manages credit risk through a robust process that enables the bank to proactively manage its loan portfolio in order to minimize losses, and earn an acceptable level of return for its shareholders.

Credit Risk Management at MTB

MTB's Credit Policy Manual (CPM), approved by the Board of Directors, defines organizational structure, roles and responsibilities and processes, whereby, credit risks can be identified, quantified, and managed. Credit instruction manuals address regulatory issues, and establish control points. MTB Credit approvals clearly specifies all conceivable aspects including eligibility of the borrower, requirement of papers/information/documents, borrower's stake, and all other issues related to borrowing. The credit policy encompasses, all operational issues of credit, right from selection of borrower to the ultimate recovery including transfer process of delinquent account and treatment of slow, overdue accounts, Special Mention Accounts (SMA), and classified loan accounts. MTB manages credit risk through continuous measuring, and monitoring of risks at obligor (borrower) levels and portfolio level, and follows the Credit Risk Grading (CRG) model of Bangladesh Bank, and has deployed a credit appraisal/approval process. The CRG model captures both the quantitative and qualitative issues, related to management risk, business risk/industry risk, financial risk, security risk and relationship risk, while assessing the overall grading of borrowers. We also get credit rating of our clients by External Credit Assessment Institutions (ECAIs). In 2016, MTB's total number of rated clients is 1430, which was 1184 in the previous year. For ensuring smooth and quality credit operations, good governance, quick approvals, better control, and making safe and secured lending have been emphasized.

Loan Classification

All the loans and advances are grouped into four categories for the purpose of classification, which are; (i) Continuous Loan (ii) Demand Loan (iii) Fixed Term Loan and (iv) Short-term Agricultural and Micro-Credit.

Continuous & Demand Loans are classified as:

- Sub-standard - if past due for 3 months or more, but less than 6 months;
- Doubtful - if past due for 6 months or more, but less than 9 months;
- Bad/Loss - if past due for 9 months or more.

Fixed Term Loans amounting up to 10 lacs are classified as:

- Sub-standard - if the defaulted installment is equal to or more than the amount of installment (s) due within 6 (Six) months;
- Doubtful - if the defaulted installment is equal to or more than the amount of installment (s) due within 9 (Nine) months;
- Bad/Loss - if the defaulted installment is equal to or more than the amount of installment(s) due within 12 (twelve) months.

Fixed Term Loans for more than 10 lacs are classified as:

- Sub-standard - if the defaulted installment is equal to or more than the amount of installment (s) due within 3 (three) months;
- Doubtful - if the defaulted installment is equal to or more than the amount of installment(s) due within 6 (six) months;
- Bad/Loss - if the defaulted installment is equal to or more than the amount of installment(s) due within 9 (nine) months.

Short-term Agricultural and Micro Credit are classified as:

- Sub-standard - if the irregular status continues after a period of 12 (twelve) months;
- Doubtful - if the irregular status continues after a period of 36 (thirty-six) months;
- Bad/Loss - if the irregular status continues after a period of 60 (sixty) months.

A continuous credit, demand loan or term loan which remains overdue for a period of 60 days or more is classified as a “Special Mention Account (SMA)”.

BDT in Million

Credit Risk	Amount
a) Total gross credit risk exposures broken down by major types of credit exposure	
Term Loan	29,777.15
Time Loan	818.42
SME Financing	10,451.84
Consumer Financing	294.06
Retail Financing	3,440.41
General Loans	3,372.09
Demand Loan	2,297.42
Payment Against Documents (PAD)	234.34
Trust Receipts	8,705.31
Lease Finance	452.95
Export Development Fund	3,443.96

House Building Loan	3,742.10
Staff/Employee Loan	667.51
Loan to MTB Securities Limited	345.00
Loans and Advances - Off-shore Banking Unit	2,955.87
Loan disbursed by MTB subsidiaries	3,521.21
Cash Credit	23,543.91
Packing Credit	194.67
Secured Overdraft	13,813.66
Bills purchased and discounted	-
Payable in Bangladesh	2,156.55
Payable outside Bangladesh	127.33

b) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	
Urban	
Dhaka Division	79,178.13
Chittagong Division	22,474.59
Rajshahi Division	3,908.85
Sylhet Division	845.48
Khulna Division	1,177.17
Rangpur Division	2,269.24
Barisal Division	209.24
Mymensingh Division	562.11
Rural	
Dhaka Division	2,103.81
Chittagong Division	1,396.77
Rajshahi Division	-
Sylhet Division	128.91
Khulna Division	-
Rangpur Division	-
Barisal Division	-
Mymensingh Division	101.46
c) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	
Agriculture	3,069.90
RMG	11,901.64
Textile	9,781.37
Ship-Building	1,254.82
Ship-Breaking	1,790.27

Other Manufacturing Industry	24,250.08
SME Loans	15,260.84
Construction	1,156.18
Power, Gas	1,870.79
Transport, Storage and Communication	418.36
Trade Service	15,228.57
Commercial Real-estate Financing	7,364.84
Residential Real-estate Financing	869.25
Consumer Credit	2,180.84
Capital Market	3,866.21
NBFIs	4,985.27
Advances to Managing Director and Senior Executives	667.51
Others	8,439.01
d) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure	
On Demand	13,799.07
Not more than three months	28,331.11
More than three months but less than one year	37,255.55
More than one year but less than five years	21,845.83
More than five years	13,124.20

e) Amount of Impaired Loans

BDT in Million

Particulars	Amount
Continuous Loans	895.94
Demand Loans	224.33
Term Loans	3,735.04
Short-Term Agro-Credit and Micro-Credit	127.78
Total	4983.09

Specific and General Provisions

Specific and general provisions were made on the amount of classified and unclassified loans, and advances/investments respectively, exposures of off-balance sheet, and Offshore Banking Units of the Bank.

BDT in Million

Particulars	Amount
Provision on Unclassified loans and advances/ investments including Off-shore banking unit	1,107.61
Provision on Classified loans and advances/ investments	2,050.92
Provision on Off-balance sheet exposure	452.00
Total	3,610.53

Guidelines for Loan Loss Provisions

The Bank follows Bangladesh Bank (BB) guidelines regarding loan classification, provisioning, and any other issues related to Non-Performing Loan (NPL), internal credit guidelines, direct loan provisioning, review procedure, debt write-off, facility grading, reporting requirement, and interest recognition.

Particulars	Rate
General Provision	
Against all unclassified loans (Standard and SMA) of Small and Medium Enterprise (SME)	0.25%
Against all unclassified loans and off-balance sheet exposures (other than Short Term agri. Credit & Micro credit, loans under Consumer Financing, SME Financing, Loans to Brokerage House, Merchant Banks, Stock dealers)	1%
On unclassified amount for Housing Finance (HF) and Loans for Professionals(LP) to set up business under Consumer Financing Scheme, loans to Brokerage House, Merchant Banks, Stock dealers.	2%
On the Standard loans for Short Term agri. Credit & Micro credit	2.50%
On unclassified amount for Consumer Financing other than HF & LP	5%
Specific Provision	
Specific provision on Sub-standard and Doubtful Loans and advances for Short Term agri. Credit & Micro credit	5%
Specific provision on Sub-standard Loans and advances except Short Term agri. Credit & Micro credit	20%
Specific provision on Doubtful Loans and advances except Short Term agri. Credit & Micro credit	50%
Specific provision on Bad and Loss Loans and advances	100%

Throughout the year, loans and advances were reviewed to assess whether objective evidence of impairment had arisen.

f. Movement of NPA and specific provision for NPA

The following table gives MTB's movement of NPAs and specific provision for NPA

BDT in Million

Gross Non-Performing Assets (NPAs)	Amount
Non-Performing Assets (NPAs) to Outstanding Loans & advances (%)	4.36
Movement of Non-Performing Assets (NPAs)	
Opening balance	2,034.42
Additions	2,948.67
Reductions	
Closing Balance	4,983.09
Movement of specific provisions for NPAs	
Opening balance	1,182.00
Provisions made during the period	868.92
Less: Write-off	-
Write-back of excess provisions	-
Closing Balance	2,050.92

v. Equities: Disclosures for banking Book Positions

MTB Securities Limited, a corporate member of Dhaka Stock Exchange Limited (Member No. 197), executes the stock brokerage functions of MTB. For equity financing, only investment in unquoted securities are considered as Banking Book assets; investment in equity for relationship or strategic reason is considered under trading book. Investment in equity securities is broadly categorized into two parts:

- I) Quoted securities (common or preference shares and mutual funds) - Traded in the secondary market (trading book assets)
- ii) Unquoted securities- Categorized as banking book equity exposures, which are further, sub-divided into two groups:
 - a) Unquoted securities which are invested without any expectation that these will be quoted in near future i.e. Held-to-Maturity (HTM);
 - b) Unquoted securities acquired under private placement or IPO that are going to be traded in the secondary market after completing required formalities.

The primary aim is capital gain or dividend income. Dividends received from these equity securities are accounted for as and when received. Both quoted and un-quoted equity securities are valued at cost, and necessary provisions are maintained if the prices fall below the cost price. As per Bangladesh Bank (BB) guidelines, Held-for-Trading (HFT) equity securities are mark-to-

market (revalued) once a week, and HTM equity securities are amortized annually. HTM securities are revalued, if reclassified to HFT (with approval of the Board of Directors). The quoted shares of the bank are valued at cost or market price, whichever is lower.

BDT in Million	
Equities	Amount
Value disclosed in the balance sheet of investments, as well as, the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value Cost price	929.76
Market price	760.42
*Difference	(169.34)
b) Cumulative realized gains (losses) arising from sales and liquidations in the reporting period	
c) Total unrealized gains (losses)	(169.34)
d) Total latent revaluation gains (losses)	-
e) Any amounts of the above included in Tier II capital	-
f) Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements Specific Risk General Market Risk	109.37 109.37

vi. Interest Rate Risk in the Banking Book

Interest rate risk arises when changes in market interest rates adversely affect a bank's financial condition, affecting both current earnings (earnings perspective), and net worth of the bank (economic value perspective).

The short-term impact of changes in interest rates is on the bank's Net Interest Income (NII). The longer-term changes in interest rates affect asset cash flows, liabilities, and off-balance sheet items. This poses a risk to the net worth of the bank, arising out of all re-pricing mismatches, and other interest rate sensitive positions. MTB assesses the economic value at risk due to interest rate shock on a quarterly basis.

BDT in Million

Interest Rate Risk in the banking book	Amount		
Total Risk Sensitive Assets	92,120.70		
Total Risk Sensitive Liabilities	86,908.40		
Cumulative Gap			
< 3months	(4,851.70)		
3-6 months	(1,120.10)		
6-12 months	5,212.30		
CRAR before Shock (%)	11.29		
Assumed Change in Interest Rate (%)	1%	2%	3%
<i>Net Interest Income and Repricing impact (%)</i>			
CRAR after Shock (%)	10.47	9.64	8.82

vii. Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in different market variables, namely:

- Interest rate movements;
- Foreign currency exchange rate movements;
- Equity/stock price movements.

MTB's Market Risk Policy, approved by the Board, covers assessment, monitoring, and management of the market risks. The Board sets limits, and reviews compliance on a regular basis, in order to provide cost effective funding to finance asset growth, and trade related transactions.

a. Methods Used to Measure Market Risk

Standardized approach for market risk calculates the minimum capital requirement, for each risk sub-category, in terms of two separately calculated capital charges for "specific risk" and "general market risk".

b. Market Risk Management System

The Treasury Department manages market risk covering liquidity, interest rate, and foreign exchange risks, with oversight from Asset Liability Management Committee (ALCO), comprising of senior executives of the bank. The Managing Director and CEO of the bank chairs the ALCO, and meetings are held at least once in a month.

c. Policies and Process for Managing Market Risk

There are approved limits for credit deposit ratio, liquid asset to total asset ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items, and borrowing from money market and foreign exchange position. The limits are monitored and enforced on a regular basis to mitigate market risks. The Treasury Department of the Bank reviews the prevailing market conditions, exchange rates, foreign exchange position, and transaction to mitigate foreign exchange risks on a daily basis. Foreign exchange risk is computed on the sum of net short positions, or net long positions, whichever is higher of the foreign currency positions held by the bank.

BDT in Million

Quantitative Disclosure of Market Risk	Amount
Capital Requirement for:	
Interest Rate related instruments	115.70
Equities	218.74
Foreign Exchange Position	105.54
Commodity Risk	-
Total	439.98

viii. Operational Risk

Operational risk arises from inadequate or failed internal processes, people and systems, or from external causes, whether deliberate, accidental or natural - inherent in all of the Bank's activities. The policy for operational risks, including internal control and compliance risk, is approved by the Board, taking into account relevant guidelines of Bangladesh Bank. The Audit Committee of the Board directly oversees the activities of the Internal Control and Compliance Division (ICCD) with the object of mitigating all operational risks.

a. Performance Gap of Executives and Staff

MTB tries to staff with excellent quality of personnel by offering competitive remuneration packages, and to ensuring workplace safety for its employees with consistent adoption of best employment practices, and constant following the policy of non-discrimination regarding compensation, health and safety. Its strong brand image plays an important role in employee motivation. Combination of all these has created a very strong choice among the workforce of banking industry for MTB as being professionally an ideal place of choice.

b. Systems

MTB has invested heavily in IT infrastructure for better automation, online transaction platform and network links to avoid business disruption and system failure. The Bank's IT system does not allow any kind of external access, ensuring safeguarding from external fraud (theft/ hacking of information assets, forgery etc.).

c. Policies and Processes for Managing Operational Risk

MTB has Risk Management Division in place. Its objectives are mainly to identify, assess, monitor, control and manage risks including operational risks and also rectify risk events, and implement any additional procedures required for compliance. As per the internal control and compliance policy, 2014 of the bank, Group Internal Control & Compliance Division (ICCD) is conducting risk based internal audit. To do these, the activities of branches are being rated in terms of their risk status. It is the policy of the bank to conduct audit on all the branches at least once a year. ICCD directly reports to the Audit Committee of the Board. Human Resource Division of MTB has also introduced a vigorous Performance Management System (PMS) to evaluate human resources in terms of performance, and instill a performance-based culture within the organization.

BDT in Million

Quantitative Disclosure of Operational Risk	Amount
Capital requirement for Operational Risk	893.09

ix. Leverage Ratio

As an additional safeguard against model risk, and measurement error by supplementing the risk-based measure, a non-risk based regulatory leverage ratio has been introduced with a simple, transparent and independent measurement of risk. The Basel III leverage ratio is defined as the capital measure (Tier-I capital of the risk based capital framework) divided by the exposure measure, this ratio is expressed as a percentage.

BDT in Million

Components	Amount
Leverage Ratio (%)	4.80
On-Balance Sheet Exposure	1,63,355.83
Off-Balance Sheet Exposure	24,569.64
Total Exposure after regulatory adjustment	1,87,857.21

x. Liquidity Ratio

To measure the liquidity status of banks, Bangladesh Bank, in line with Basel Committee on Banking Supervision, has introduced two new standards for better liquidity management- Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), under Basel III accord. The LCR aims to ensure that a bank maintains adequate level of High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for 30 calendar days, under stressed scenario. The NSFR aims to limit over-reliance on short term wholesale funding during times of abundant market liquidity, and encourage better assessment of liquidity risk across all on and off-balance sheet items. Regulatory standards for LCR ratio is '≥100%' and for NSFR ratio is '>100%'.

MTB manages liquidity risk in accordance with its ALM Policy. This policy is framed as per the regulatory guidelines, and is approved by the Board of Directors. The ALM Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign with changes in the economic landscape. The MTB ALCO Committee formulates and reviews strategies, and provides guidance to manage liquidity risk within the framework laid out in the ALM Policy. The committee proactively manages liquidity risk as a part of its ALM activities. MTB uses various tools to measure liquidity risk, which include Statement of Structural Liquidity (SSL), Liquidity Cash Flow Statements, Liquidity ratios and Stress Testing through scenario analysis etc. MTB management has also framed a Liquidity Contingency Plan (LCP), which serves as a framework for early identification and calibrated action in the event of tight liquidity conditions. The LCP includes various indicators, which are monitored regularly, and lays down the mechanism for escalation, remedial action, and crisis management until return to normalcy.

BDT in Million	
Components	Amount
Liquidity Coverage Ratio (%)	118.65
Net Stable Funding Ratio (%)	101.05
Stocks of high quality liquid assets	30,757.19
Total net cash outflows over the next 30 calendar days	25,922.62
Available amount of stable funding	1,39,708.02
Required amount of stable funding	1,38,260.34

xi. Remuneration

a. The bodies that oversee remuneration

Mutual Trust Bank Limited (MTB) aims to attract, retain, and motivate the best people who are committed to maintaining a career with the bank, and who will perform their role in the long-term interests of the bank.

A vigorous and effective governance framework ensures that the bank operates within clear parameters of its compensation strategy. All compensation matters are overseen by MTB Group HR in consultation with deputy managing directors, additional managing director and Managing Director & CEO. In this process, evaluating market conditions and adjusting cost of living remuneration is set. The Remuneration is finally approved by MTB Board of Directors.

b. Design and Structure of Remuneration

The Bank has adopted a Board approved promotion policy. All eligible candidates for promotion are evaluated strictly in terms of the provision of the promotion policy and subsequently recommended by the promotion committee comprising of the following:

Designation	As
Additional Managing Director	Chairman
All Deputy Managing Directors	Members
MTB Group Head of HR	Member Secretary
MTB Group Head of Internal Control & Compliance	Member

c. Performance and Pay-nature and type of measures:

Mutual Trust Bank Limited (MTB) uses objective based performance management system. The employees of the bank set objectives on the basis of the job description /assignment at the beginning of the year deliverables for the year. Mid-year review is conducted to ascertain the progress report. Finally, performance of the employees are evaluated at the end of the year. The performance bonus for employees is linked to the overall performance of the bank.

d. Variable remuneration

Variable remuneration is performance related and consists primarily of the annual performance bonus. As a part of variable remuneration, the annual bonus rewards delivery of operational and financial objectives, the individual performance of the employees in achieving those objectives.

The Cluster Heads and divisional/departmental heads recommend Incentive Bonus for employees working under their supervision. All recommendations examined and evaluated by a committee known as Bonus Committee. The structure of the committee is as under:

Designation	As
Additional Managing Director	Chairman
All Deputy Managing Directors	Members
MTB Group Head of HR	Member Secretary
MTB Group Head of Internal Control & Compliance	Member
MTB Group Chief Financial Officer	Member

The remuneration is a combination of fixed pay and variable pay. The variable pay is higher at senior levels than that of junior levels.

e. Number of employees received variable remuneration award

Employees received variable remuneration award for the year 2016 for their extra ordinary effort to ensure business profitability:

Category	Number of employees
Executives	2
Officers	3

f. total amount of severance payment:

Total amount of BDT 37,079,102.00 (thirty-seven million seventy-nine thousand one hundred two) disbursed to 51 outgoing employees as severance payment for the year 2016 at the time of releasing them from the service of the bank.